

## Message Text

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ACTION AID-59

INFO OCT-01 ISO-00 EUR-12 EA-10 IO-13 EB-08 HA-05  
AGRE-00 /108 W

-----104895 131048Z /14

R 130959Z SEP 78  
FM AMEMBASSY VIENTIANE  
TO SECSTATE WASHDC 9583  
INFO AMEMBASSY ROME  
AMEMBASSY BANGKOK  
AMEMBASSY PARIS  
USMISSION USUN NEW YORK

C O N F I D E N T I A L SECTION 1 OF 2 VIENTIANE 982

E.O. 11652: GDS  
TAGS: EAID, PORG, LA, UN(WFP)  
SUBJECT: PL 480 TITLE II FOOD AID TO LAOS

REF: A. VIENTIANE 930, B. STATE 228786, C. VIENTIANE 736. D. ROME  
14145, E. VIENTIANE 830, F. VIENTIANE 846

BEGIN SUMMARY: THE UNDP RES. REP. REPORTS THAT LAO OFFICIALS  
HAVE ASKED ABOUT THE STATUS OF US FOOD AID. THE LAO HAVE  
REACTED NEGATIVELY TO INDICATIONS THAT THE US DONATION WILL  
PROBABLY NOT RESULT IN ANY NET INCREASE IN ASSISTANCE. THE  
UNDP REP BELIEVES THAT A 26,000 TON RICE SHORTFALL STILL  
EXISTS. HE HAS ASKED THAT WFP STATE THAT IT IS PREPARED TO  
PROVIDE ADDITIONAL FOOD ASSISTANCE. HOWEVER, THE WFP  
POSITION IS THAT THE US ACTION ADDED NOTHING TO WFP  
RESOURCES AND PROVIDED NO BASIS ON WHICH TO UNDERTAKE ADDITIONAL  
WFP COMMITMENTS.

IN SPITE OF PROBLEMS IN ESTIMATING SHORTFALL, WE BELIEVE  
THAT LAOS HAS A NEED FOR ADDITIONAL FOOD ASSISTANCE.  
UNLESS LAOS RECEIVES ADDITIONAL AID AS A RESULT OF THE US  
DONATION, THE ORIGINAL PURPOSES OF OUR HUMANITARIAN  
ACTION MAY NOT BE ACHIEVED. END SUMMARY.

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1. UNDP RESIDENT REPRESENTATIVE GUNNAR ASPLUND HAS IN-  
FORMED US THAT THE LAO GOVERNMENT HAS BEEN PRESSING HIM  
FOR AN OFFICIAL ACCOUNTING OF US FOOD ASSISTANCE. ON  
SEPT. 10, FOREIGN MINISTER PHOUNE SIPASEUTH ASKED ABOUT  
US RICE DELIVERIES; ON SEPT. 11 CHEF DE CABINET SOUBANH  
SITHILATH ASKED THE SAME QUESTION AND APPEARED DISTURBED

TO LEARN THAT US COMMODITIES ARE BEING DELIVERED TO PROJECTS ALREADY AGREED TO BY THE UN BEFORE THE US PLEDGE. (APPARENTLY SOUBANH DID NOT REALIZE THE FULL IMPLICATIONS WHEN THE CHARGE TOLD HIM ON JULY 1 (REF. C) THAT US AID WOULD BE SENT TO PROJECTS AGREED TO BETWEEN THE UN AND THE LAO GOVERNMENT.)

2. RESPONDING TO THE LAO REQUEST FOR INFORMATION, ASPLUND DELIVERED A LETTER TO THE FOREIGN MINISTRY SEPT. 12 WHICH LISTS US COMMODITIES BY PROJECT, ALONG THE LINES OF REF. B. HE HAS NOT YET RECEIVED A REPLY TO THE LETTER, BUT HE EXPECTS THAT THERE WILL BE SOME TYPE OF PROTEST, SINCE THE LPDR HAD ASSUMED THE US CONTRIBUTION WOULD RESULTS IN 10,000 TONS OF RICE FOR LAOS IN ADDITION TO THAT WHICH THEY WERE COUNTING ON FROM WFP.

3. CHARGE REMINDED ASPLUND THAT EMBASSY CALCULATIONS SEEM TO INDICATE THAT THE US DONATION HAS PRODUCED A NET GAIN OF 4,000 TONS FOR LAOS (REF. C). ASPLUND REPLIED THAT, REGARDLESS OF WHAT FIGURES ARE USED AS THE ORIGINAL WFP PLEDGE, THREE OF THE FOUR PROJECTS TO WHICH US AID IS SCHEDULED HAD BEEN AGREED TO BY WFP AND THE LAO BEFORE THE US DONATION, THUS THE LAO HAD EVERY REASON TO EXPECT THAT THESE PROJECTS WOULD BE SUPPORTED EVEN WITHOUT US AID. ASPLUND SAID THAT HE WILL FIND IT IMPOSSIBLE TO EXPLAIN THE SITUATION UNLESS WFP (OR THE US ) IS ABLE TO CONFIDENTIAL

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PROVIDE ADDITIONAL RICE.

4. THE QUESTION OF LAO EXPECTATIONS ASIDE, CHARGE ASKED RES REP IF HE STILL BELIEVED THAT LAOS NEEDS ADDITIONAL RICE BEFORE NOVEMBER IN LIGHT OF WFP ROME ESTIMATES THAT ADEQUATE RICE IS REACHING LAOS FOR THE JULY-NOVEMBER PERIOD (REF. D). ASPLUND INSISTED THAT THE ORIGINAL 113,000 TON MINIMUM REQUIREMENT IS STILL THE BEST FIGURE AVAILABLE AND THAT A SHORTFALL OF 26,000 TONS REMAINS. THE DAMAGE CAUSED BY THE RECENT FLOOD ADDS TO THE SERIOUSNESS OF THE PROBLEM.

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FM AMEMBASSY VIENTIANE

TO SECSTATE WASHDC 9584

INFO AMEMBASSY ROME

AMEMBASSY BANGKOK

AMEMBASSY PRRIS

USMISSION USUN NEW YORK

C O N F I D E N T I A L SECTION 2 OF 2 VIENTIANE 982

5. ASPLUND SAID THAT HE HAS BEEN PRESSING WFP ROME FOR AN OFFICIAL STATEMENT TO THE EFFECT THAT THEY WOULD BE WILLING TO PROVIDE ADDITIONAL RICE IF A NEED DEVELOPS, AS THEY HAVE INDICATED TO US THEY WOULD DO (REF.D). UNFORTUNATELY, THE RESPONSE FROM ROME WAS ALMOST THE OPPOSITE OF WHAT HE WANTED TO BE ABLE TO TELL THE LAO GOVERNMENT. THE FOLLOWING IS AN EXTRACT OF A CABLE FROM WFP: "US LIFTED PREVIOUS BAN ON USE OF ITS PLEDGE FOR LAO AND REQUESTED WFP CALL ON US PLEDGE FOR LAO TO EXTEND ABOUT TEN THOUSAND METRIC TONS. THIS HAS BEEN DONE WITHIN PREVIOUSLY PROGRAMMED WFP COMMITMENTS. US ACTION ADDED NOTHING TO WFP RESOURCES AND PROVIDED NO BASIS ON WHICH TO UNDERTAKE ADDITIONAL WFP COMMITMENTS. THIS IS AUTHORITATIVE STATEMENT OF POSITION." SO FAR ASPLUND STATES THAT HE HAS NOT INFORMED THE LAO OF THE LATEST WFP POSITION.

6. COMMENT: THERE ARE TWO BASIC ISSUES INVOLVED. HOW MUCH RICE DO THE LAO NEED AND HOW MUCH HAVE THEY BEEN PROMISED? CONCERNING THE FIRST POINT, WE ARE NOT PERSUADED BY ASPLUND'S RIGID USE OF THE 113,000 TONS REQUIREMENT, SINCE THIS FIGURE WAS ESTABLISHED IN THE FIRST CONFIDENTIAL

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PLACE MORE BY A PROCESS OF NEGOTIATION THAN OF SCIENCE. HOWEVER, BECAUSE OF THE FLOOD DAMAGE TO THIS YEAR'S CROP AND LOSSES IN FOOD, LIVESTOCK AND SEED ALREADY ON HAND, IT NOW SEEMS INEVITABLE THAT ADDITIONAL, MAJOR FOOD ASSISTANCE WILL BE REQUIRED. THUS, WHILE THE 113,000 FIGURE MAY NO LONGER HAVE MUCH SIGNIFICANCE, THE LAO DO NEED OR WILL SOON NEED ADDITIONAL RICE, AND THEY HAVE A VALID REQUIREMENT FOR THE ADDITIONAL 10,000 TONS WHICH THEY EXPECTED TO RECEIVE AS A RESULT OF THE US DONATION.

7. CONCERNING PLEDGES MADE TO LAOS: BASED ON A COMMON SENSE ARGUMENT, THE LAO HAD REASON TO BELIEVE THAT WHEN THE US ANNOUNCED THAT IT WAS GIVING THEM 10,000 TONS OF RICE, LAOS WOULD END UP WITH 10,000 TONS MORE THAN THEY WOULD HAVE RECEIVED HAD THE DONATION NOT BEEN MADE. CONSEQUENTLY, IF IT IS TRUE THAT THE US ACTION ADDED NOTHING TO WFP RESOURCES AND WILL RESULT IN NO ADDITIONAL RICE FOR THE LPDR, IT PLACES BOTH THE US AND THE WFP IN A DIFFICULT POSITION. THE BASIC HUMANITARIAN PURPOSE OF THE GESTURE IS NULLIFIED (ASSUMING THAT THE US 10,000 TONS WOULD HAVE BEEN USED ELSEWHERE BY WFP IF THE BAN ON LAOS HAD NOT BEEN LIFTED). IN ADDITION, IMPROVEMENT IN US-LAO RELATIONS IS UNLIKELY TO RESULT FROM THE US ACTION IF THE LAO GOVERNMENT BELIEVES THAT IT WAS, IN EFFECT, ONLY A SWITCH IN THE SOURCE OF COMMODITIES WHICH THEY WOULD HAVE RECEIVED IN ANY CASE.

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## Message Attributes

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